

TOWN OF EASTON, CONNECTICUT

JUNE 30, 2008

TOWN OF EASTON, CONNECTICUT

TABLE OF CONTENTS

Page

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9

Exhibit

Basic Financial Statements

Government-Wide Financial Statements

I	Statement of Net Assets	10
II	Statement of Activities	11

Fund Financial Statements

Governmental Funds:

III	Balance Sheet	12-13
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14-15

Proprietary Funds:

V	Statement of Net Assets	16
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets	17
VII	Statement of Cash Flows	18

Fiduciary Funds:

VIII	Statement of Fiduciary Net Assets	19
IX	Statement of Changes in Fiduciary Net Assets	20
	Notes to Basic Financial Statements	21-42

Required Supplementary Information

RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual	43-44
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	45-47

Supplemental, Combining and Individual Fund Statements and Schedules

General Fund

A-1	Comparative Balance Sheet	48
A-2	Report of Tax Collector	49

Nonmajor Governmental Funds

B-1	Combining Balance Sheet	50-52
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	53-55

Fiduciary Funds

C	Agency Funds - Combining Statement of Changes in Assets and Liabilities	56
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Statistical Section

D	Schedule of Debt Limitation	57
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Independent Auditors' Report

Board of Finance
Town of Easton
Easton, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Easton, Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 43 through 47 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of

inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Easton, Connecticut's basic financial statements. The accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2008 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

December 29, 2008

TOWN OF EASTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Management of the Town of Easton offers readers these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2008.

The purpose of the MD&A is to provide to the reader an interpretation of the financial information and results of the fiscal year.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent year by \$56,448,170 (*net assets*). Of this amount, \$8,150,832 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$2,431,654. Substantially all of the increase is attributable to capital expenditures in excess of depreciation expense and an increase in property tax revenue.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,845,886 an increase of \$407,494 in comparison with the prior year.
- At the end of the current fiscal year, unreserved and undesignated fund balance for the general fund was \$4,898,593 or 11.7% of total general fund expenditures and transfers out.
- The Town's total long-term obligations decreased by \$1,464,000 during the current fiscal year. The Town paid bond principal of \$2,730,000 and bond interest of \$1,434,912.

Overview of the Basic Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Easton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present only government activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, health and welfare, education, library, and parks and recreation.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resource, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and bonded capital project fund, both of which are considered to be a major fund. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for the Board of Education medical insurance benefits. This activity has been included within governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$56,448,170 at the close of the most recent fiscal year.

A large portion of the Town's net assets (88.7%) reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF EASTON NET ASSETS JUNE 30, 2008 AND 2007

	Governmental Activities	
	2008	2007
Current and other assets	\$ 13,976,388	\$ 12,641,619
Capital assets, net of accumulated depreciation	86,217,338	86,894,463
Total assets	<u>100,193,726</u>	<u>99,536,082</u>
Long-term debt outstanding	35,833,619	38,440,117
Other liabilities	7,911,937	7,079,449
Total liabilities	<u>43,745,556</u>	<u>45,519,566</u>
Net Assets:		
Invested in capital assets, net of debt	48,297,338	47,642,649
Unrestricted	<u>8,150,832</u>	<u>6,373,867</u>
Total Net Assets	<u>\$ 56,448,170</u>	<u>\$ 54,016,516</u>

None of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$8,150,832, may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in both categories of net assets for the Town as a whole.

**TOWN OF EASTON CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 1,642,250	\$ 1,591,043
Operating grants and contributions	6,259,320	1,924,851
Capital grants and contributions	100,000	
General revenues:		
Property taxes	34,899,834	32,903,341
Grants and contributions not restricted to specific purposes	290,190	255,731
Investment income	666,075	929,359
Miscellaneous	111,534	17,216
Total revenues	<u>43,969,203</u>	<u>37,621,541</u>
Program expenses:		
General government	3,286,740	2,926,556
Public safety	3,156,500	2,823,585
Public works	2,542,010	3,165,723
Health and welfare	385,297	332,090
Education	28,975,752	22,573,745
Library	711,604	724,807
Parks and recreation	779,966	771,168
Interest expense	1,699,680	1,630,197
Total expenses	<u>41,537,549</u>	<u>34,947,871</u>
Increase in Net Assets	<u>2,431,654</u>	<u>2,673,670</u>
Net Assets - Beginning of Year, as Restated	<u>54,016,516</u>	<u>51,342,846</u>
Net Assets - End of Year	<u><u>\$ 56,448,170</u></u>	<u><u>54,016,516</u></u>

Property taxes increased by \$1,996,493 (6.1%) during the year. Most of this increase is to fund normal operating increases including debt service.

Operating grants increased by \$4,334,469 (225.2%) during the year. Most of this increase is due to the State pension payment for teachers' retirement which increased significantly this year.

Capital grants and contributions increased by \$100,000 (100%) during the year. This increase is due to a grant to fund the construction of the senior center.

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$4,845,886 an increase of \$415,837. All of this constitutes unreserved fund balance, which is available for spending at the Town's discretion.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved, undesignated fund balance was \$4,898,593. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total general fund expenditures. Unreserved and undesignated fund balance represents 11.7% of total general fund expenditures and other financing uses, while total fund balance represents 13.2% of that same amount.

General Fund Budgetary Highlights

The most significant difference between the original budget and the final amended budget included additional appropriations of \$152,969 and budget transfers of \$120,500 from various departments to the transfers out account to purchase equipment and provide for a Special Revenue Account for the Land Purchase Authority. The Board of Finance made special appropriations to the Technology, Assessor, Registrar of Voters, and the Town Attorneys budgets. The Town Meeting approved special appropriations to the Debt Service and Town Attorney budgets.

Significant budget variances were positive variances as follows: \$139,022 in the 660 Morehouse Road budget due to two position vacant during part of the year and a mild winter that left funds in the utility line; \$75,226 in the Fire Department budget due to workers' compensation insurance payments to reimburse salaries and a mild winter that required less storm overtime coverage; \$62,874 in the Library budget due to employees leaving and positions not immediately being replaced; \$312,320 in the Public Works budget due to positions vacancies during the year, employees out on workers' compensation and the town receiving insurance reimbursement and an excess in the overtime account due to a mild winter.

Bonded Capital Projects Fund

This fund accounts for financial resources from general obligation bonds to be used for major capital asset construction and/or purchases. During the year ended June 30, 2008, there were no significant expenditures.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets as of June 30, 2008 is \$86,217,338 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, building improvements, machinery and equipment and vehicles.

Major capital asset events during the current fiscal year included the following:

- The completion of the ball field at the SSES property location fund with the Open Space Fund.
- The beginning of the Senior Center Renovation Capital Project that a Town Meeting appropriated \$75,000 and this project is being paid by a Small Cities Grant, Steap Grants and a LoCIP grant of \$20,000.
- The beginning of the Central Office move from Monroe to the 660 Morehouse Road location (the old SSES Building).
- A project to place Fire Suppression Systems in the Old SSES Building.
- The remaining additions and deletions consisted of various equipment and vehicles for Town departments including an Aerial Bucket Truck.

TOWN OF EASTON CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 12,878,656	\$ 12,878,656
Construction in progress	8,420	
Land improvements	236,876	16,332
Buildings	54,686,832	55,503,308
Building improvements	172,868	15,628
Machinery and equipment	323,273	351,475
Vehicles	1,645,589	1,525,386
Infrastructure	16,264,824	16,603,678
Total	<u>\$ 86,217,338</u>	<u>\$ 86,894,463</u>

Additional information on the Town's capital assets can be found in Note 5 of this report.

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$37,920,000. All of this debt comprises debt backed by the full faith and credit of the Town.

TOWN OF EASTON OUTSTANDING DEBT
General Obligation Bonds and Notes

	Governmental Activities	
	2008	2007
General obligation bonds - Town improvements	\$ 7,841,500	\$ 7,183,500
General obligation bonds - School improvements	27,544,500	29,616,500
Bond anticipation notes	3,850,000	3,900,000
Total	<u>\$ 39,236,000</u>	<u>\$ 40,700,000</u>

The Town is also obligated for a portion of the Regional School District No. 9 general obligation debt in the net amount of \$11,857,884.

In February 2008, the Town issued \$3,850,000 in bond anticipation notes. The interest rates for the notes were 3.0%.

During the fiscal year, the Town made bond principal payments of \$2,730,000 and interest payments of \$1,434,912 for school and general purpose debt.

The Town maintains an "Aa1" credit rating from Moody's Investors Service, Inc., for its general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$264,618,914, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 8 of this report.

Economic Factors and Next Year's Budget and Rates

The following are some factors that were considered in preparing the Town's budget for the 2009 fiscal year:

- The unemployment rate for the Town is currently 3.1%. This compares favorably to the state's average unemployment rate of 4.5% and the national average rate of 4.7 %.
- Inflationary trends in the region compare favorably to national indices.
- The former elementary school building is partially leased to a private school and partially utilized by the Town's Senior Center that will begin renovations with a Small Cities Grant and State Steap Grant.
- Town's elected and appointed officials considered Town-wide trends when setting the fiscal year 2008 budget. The Town decided that it was important to continue to support the school system and adopt a budget designed to promote long-term financial stability. In order to meet these objectives, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to our residents and taxpayers.
- At June 30, 2008, unreserved and undesignated fund balance in the general fund was \$4,898,593.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance or the Office of the Controller, Town of Easton, 225 Center Road, Easton, Connecticut 06612.

TOWN OF EASTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,300,461
Investments	5,857,646
Receivables, net	1,392,057
Bond issuance costs	104,640
Total current assets	<u>13,654,804</u>
Noncurrent assets:	
Capital assets:	
Assets not being depreciated	12,887,076
Assets being depreciated, net	73,330,262
Total capital assets	<u>86,217,338</u>
Net pension asset	321,584
Total noncurrent assets	<u>86,538,922</u>
Total assets	<u>100,193,726</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	3,579,848
Due to Regional School District No. 9	418,239
Unearned revenue	40,285
Unamortized bond premiums	23,565
Bond anticipation notes	3,850,000
Total current liabilities	<u>7,911,937</u>
Noncurrent liabilities:	
Long-term liabilities due within one year	2,884,618
Long-term liabilities due in more than one year	32,949,001
Total noncurrent liabilities	<u>35,833,619</u>
Total liabilities	<u>43,745,556</u>
Net Assets:	
Invested in capital assets, net of related debt	48,297,338
Unrestricted	8,150,832
Total Net Assets	<u>\$ 56,448,170</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues				Net Expenses and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
General government	\$ 3,286,740	\$ 653,834	\$ 36,400	\$	\$ (2,596,506)
Public safety	3,156,500	220,107	139,094		(2,797,299)
Public works	2,542,010	250,872			(2,291,138)
Health and welfare	385,297	194,443		100,000	(90,854)
Education	28,975,752	10,815	6,083,826		(22,881,111)
Library	711,604	15,049			(696,555)
Parks and recreation	779,966	297,130			(482,836)
Interest expense	1,699,680				(1,699,680)
Total governmental activities	<u>\$ 41,537,549</u>	<u>\$ 1,642,250</u>	<u>\$ 6,259,320</u>	<u>\$ 100,000</u>	<u>(33,535,979)</u>
General revenues:					
Property taxes					34,899,834
Grants and contributions not restricted to specific programs					290,190
Investment income					666,075
Miscellaneous					111,534
Total general revenues					<u>35,967,633</u>
Change in net assets					2,431,654
Net Assets - Beginning of Year					<u>54,016,516</u>
Net Assets - End of Year					<u>\$ 56,448,170</u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,541,540	\$ 631,240	\$ 3,127,681	\$ 6,300,461
Investments	4,998,085		859,561	5,857,646
Receivables:				
Property taxes	555,547			555,547
Accounts	14,756	10,000	75,199	99,955
Intergovernmental	<u>515,619</u>		<u>4,619</u>	<u>520,238</u>
Total Assets	<u>\$ 8,625,547</u>	<u>\$ 641,240</u>	<u>\$ 4,067,060</u>	<u>\$ 13,333,847</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 582,173	\$ 1,005,065	\$ 551,142	\$ 2,138,380
Accrued liabilities	883,111			883,111
Due to Regional School District No. 9	418,239			418,239
Due to other funds	182,378			182,378
Unearned revenue	1,015,853			1,015,853
Bond anticipation notes		3,850,000		3,850,000
Total liabilities	<u>3,081,754</u>	<u>4,855,065</u>	<u>551,142</u>	<u>8,487,961</u>
Fund balances:				
Unreserved, reported in:				
Designated for subsequent year's budget	408,000			408,000
Designated for potential claims	140,000			140,000
Designated for debt service	97,200			97,200
General Fund	4,898,593			4,898,593
Special revenue funds			2,452,278	2,452,278
Capital projects funds		(4,213,825)	1,063,640	(3,150,185)
Total fund balances	<u>5,543,793</u>	<u>(4,213,825)</u>	<u>3,515,918</u>	<u>4,845,886</u>
Total Liabilities and Fund Balances	<u>\$ 8,625,547</u>	<u>\$ 641,240</u>	<u>\$ 4,067,060</u>	<u>\$ 13,333,847</u>

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

Reconciliation of fund balances - governmental funds to net assets of governmental activities:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different from the governmental funds balance sheet. The details of this difference are as follows:

Total fund balances (Exhibit III)	\$ 4,845,886
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning net capital assets and current additions	87,638,832
Depreciation expense	(1,406,212)
Disposal of capital assets	(15,282)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Property tax interest and lien accrual	316,317
Property tax receivable - accrual basis change	501,171
School building grant receivable	474,397
Allowance for doubtful accounts	(100,000)
Bond issue costs	104,640
Net pension asset	321,584

Internal service funds are used by management to charge the cost of medical insurance to individual departments:

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	(16,785)
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Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Beginning long-term liabilities and current year additions	(38,695,857)
Long-term liability payments	2,730,000
Accrued interest payable	(359,194)
Deferred charges	132,238
Bond premium	(23,565)

Net Assets of Governmental Activities (Exhibit I)	\$ <u>56,448,170</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 34,821,666	\$	\$	\$ 34,821,666
Intergovernmental	6,195,139		332,655	6,527,794
Charges for services	763,090	19,678	848,941	1,631,709
Investment income	577,147	6,352	82,576	666,075
Contributions			237,354	237,354
Total revenues	<u>42,357,042</u>	<u>26,030</u>	<u>1,501,526</u>	<u>43,884,598</u>
Expenditures:				
Current:				
General government	2,030,157		242,112	2,272,269
Public safety	2,215,303		106,276	2,321,579
Public works	1,696,685		257,117	1,953,802
Health and welfare	333,887		22,689	356,576
Education	27,632,800		175,678	27,808,478
Library	486,545		33,207	519,752
Parks and recreation	361,831		272,987	634,818
Employee benefits	2,433,012			2,433,012
Insurance	432,683			432,683
Debt service	4,389,475			4,389,475
Capital outlay		48,033	309,484	357,517
Total expenditures	<u>42,012,378</u>	<u>48,033</u>	<u>1,419,550</u>	<u>43,479,961</u>
Excess (Deficiency) of Revenues over Expenditures	<u>344,664</u>	<u>(22,003)</u>	<u>81,976</u>	<u>404,637</u>
Other Financing Sources (Uses):				
Sale of capital assets	11,200			11,200
Transfers in			175,735	175,735
Transfers out	<u>(175,735)</u>			<u>(175,735)</u>
Net other financing sources (uses)	<u>(164,535)</u>	<u>-</u>	<u>175,735</u>	<u>11,200</u>
Net Change in Fund Balances	180,129	(22,003)	257,711	415,837
Fund Balances - Beginning of Year	<u>5,363,664</u>	<u>(4,191,822)</u>	<u>3,258,207</u>	<u>4,430,049</u>
Fund Balances - End of Year	<u>\$ 5,543,793</u>	<u>\$ (4,213,825)</u>	<u>\$ 3,515,918</u>	<u>\$ 4,845,886</u>

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of changes in fund balances - governmental funds to changes in net assets of governmental activities

Amounts reported for governmental activities in the statement of activities (Exhibit II) are due to:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 415,837
---	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	744,369
Depreciation expense	(1,406,212)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net assets. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold

	(15,282)
--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the fund financial statements are not recognized in the statement of activities:

School building grant receipts	(154,512)
Increase in property tax receivable - accrual basis change	73,035
Decrease in property tax interest and lien revenue	5,132

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of long-term debt and related items are as follows:

Debt issued or incurred:	
General obligation bonds and bond anticipation notes	2,730,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Landfill postclosure care	
Heart and hypertension claims	(3,463)
Compensated absences	(101,148)
Accrued interest payable	(15,342)
Amortization of bond premium	3,366
Amortization of bond issue costs	(9,338)
Amortization of deferred charges	(18,891)
Net pension asset	87,722

Internal Service Funds are used by management to charge costs of medical insurance to individual departments:

The net revenue of the activities of the Internal Service Fund is reported with governmental activities	<u>96,381</u>
---	---------------

Change in Net Assets of Governmental Activities (Exhibit II)	<u><u>\$ 2,431,654</u></u>
--	----------------------------

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF NET ASSETS

PROPRIETARY FUND

JUNE 30, 2008

**Governmental
Activities****Internal
Service
Fund**

Assets:

Current asset:

Due from other funds

\$ 182,378

Liabilities:

Current liabilities:

Claims payable

113,763

Other liabilities

85,400

Total liabilities

199,163

Net Assets:

Unrestricted

\$ (16,785)

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Activities
	Internal Service Fund
Operating Revenue:	
Premiums	\$ 1,929,209
Operating Expenses:	
Claims	1,664,427
Administration	168,401
Total Operating Expenses	1,832,828
Change in Net Assets	96,381
Total Net Assets - Beginning of Year	(113,166)
Total Net Assets - End of Year	\$ (16,785)

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ (32,378)
Receipts from quasi-external transactions	1,878,801
Claim payments	(1,678,022)
Cash payments to contractor	(168,401)
Net cash used in operating activities	-
Net Increase in Cash	-
Cash - Beginning of Year	-
Cash - End of Year	\$ -
Reconciliation of Operating Income to Net Cash	
Used in Operating Activities:	
Operating income	\$ 96,381
Adjustments to reconcile operating income to net cash used in operating activities:	
Decrease:	
Claims payable	(13,595)
Other liabilities	(50,408)
Due from other funds	(32,378)
Net Cash Used in Operating Activities	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2008

	Pension Trust Fund	Agency Funds
	<hr/>	<hr/>
Assets:		
Cash and cash equivalents	\$ 1,830,707	\$ 1,579,281
Investments, at fair value:		
Mutual funds	9,720,157	
Accounts receivable - employee	5,485	
Prepaid benefits	<hr/> 38,464	<hr/>
Total assets	11,594,813	\$ <u><u>1,579,281</u></u>
Liability:		
Accounts payable	<hr/>	\$ <u><u>1,579,281</u></u>
Net Assets:		
Net assets held in trust for pension benefits	\$ <u><u>11,594,813</u></u>	

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 360,000
Plan members	<u>159,743</u>
Total contributions	<u>519,743</u>
Investment income:	
Net depreciation in fair value of investments	(1,373,550)
Interest and dividends	<u>797,117</u>
Total investment income	<u>(576,433)</u>
Total additions	(56,690)
Deductions:	
Benefits	<u>497,169</u>
Changes in Net Assets	(553,859)
Net Assets - Beginning of Year	<u>12,148,672</u>
Net Assets - End of Year	\$ <u><u>11,594,813</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF EASTON, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Easton (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town was incorporated in 1845. The Town governs itself by majority vote of the Town Meeting, its legislative body. The executive body is the Board of Selectmen. The Town provides the following services: public safety (police and fire), public works, parks and recreation, education and library.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to “or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Bonded Capital Projects Fund accounts for the financial revenues to be used for major capital asset construction and/or purchases funded by debt issuances.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk financing activities for the medical insurance benefits as allowed by GASB Statement No. 10.

The Pension Trust Fund accounts for the activities of the Easton Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Agency Fund accounts for monies held on behalf of students and amounts held for performance related activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town also has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's internal service funds are charges to customers for medical insurance benefits. Operating expenses for internal service funds include the cost of claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

Deposits - the Town considers cash equivalents as cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisitions.

Investments - Investments for the Town are reported at fair value.

Receivables and Payables

Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Property Taxes and Other Receivables

For the government-wide financial statements, all trade, property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 8 to 20 percent of outstanding receivable balances at June 30, 2008, and are calculated based upon prior collections.

For the fund financial statements, property taxes receivable at June 30, 2008, which have not been collected within 60 days of June 30, have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Taxes collected during the 60 day period have been recorded as revenue.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and the following January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Building improvements	30-50
Land improvements	6-25
Vehicles	4-28
Equipment	4-28
Infrastructure	75

Compensated Absences

Employees are paid by prescribed formulas for absence due to vacation or sickness. The eligibility for vacation pay vests when earned for all Town employees except the Police Department, Highway Department, Fire Department and certified employees of the Easton Board of Education employees.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity and Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

In the government-wide financial statements, net assets are classified into the following categories:

Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purpose is excluded.

Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets

This category presents the net assets of the Town which are not restricted.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the financial statements of the General Fund, the only fund with a legally adopted annual budget. On or before the first Thursday in April, the Board of Finance submits to a Town Meeting, at which taxpayer comments are obtained, a proposed operating budget for the year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is recommended by the Board of Finance at a Town Meeting and, if accepted, is adopted prior to July 1.
- The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$20,000, in any one year. Additional appropriations after the first or in excess of \$20,000 must be approved by vote of a Town Meeting. During the year, the Board of Finance or Town Meeting approved additional appropriations of \$152,969 from fund balance.
- Formal budgetary integration is employed as a management control device during the year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education, Board of Finance and Town Meeting approval.
- Generally, all unencumbered appropriations lapse at year end, except for those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Deficit Fund Balance

The following funds had fund balance deficits at June 30, 2008:

Major Fund:	
Bonded Capital Projects	\$ (4,213,825)
Non-major Funds:	
Solid Waste	(16,823)
Senior Center	(4,484)
Senior Center Leasing Buyout	(1,036)

The special revenue fund deficits will be eliminated in the future with charges for services and contributions.

C. Capital Projects Authorizations

The following is a summary of major Capital Projects at June 30, 2008:

<u>Fund</u>	<u>Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2008</u>
Bonded Capital Projects:				
Water main extension	\$ 363,164	\$ 268	\$ 274,993	\$ 88,171
School building committee "2001"	31,239,088	47,765	31,054,462	184,626
Staples elementary	1,643,500		1,614,554	28,946
HKMS school building commission	11,168,617		11,159,220	9,397
Open space:				
Morehouse road fields	214,000	213,620	214,000	380
Capital nonrecurring:				
Wells hill bridge	50,186	20,169	39,854	10,332
Town improvement trust fund	42,932			42,932
Fire truck	798,600		504,063	294,537
EMS ambulance	261,400		127,053	134,347
Heat and smoke systems	6,500			6,500
Toth park pavilion	27,860			27,860
Senior center van	43,000		42,981	19
Band stand site	5,000			5,000
Fire code work	14,925		4,925	10,000
Subdivision funds	115,804		11,210	104,594
Unimproved town aid road	65,138			65,138
Planning and zoning town plans	42,625	12,165	28,349	14,276
Town garage	122,285		110,981	11,304
Highway salt shed	415,500		7,410	408,090
EMS - Defibrillator	51,000		33,141	17,859
EMS - Generator	20,180		5,683	14,497
Toth park	6,725		6,180	545
Revaluation	363,926	11,462	327,235	36,691
Fire department breathing apparatus	77,500		74,785	2,715
Park and recreation veterans park	46,050		44,810	1,240
Senior center renovation	95,000	119,382	176,408	(81,408)
UST/Line upgrade	47,301			47,301
Highway trucks	88,700	87,936	87,936	764
Old Samuel Staples renovation	455,000	15,774	15,774	439,226
EMS Building renovations	30,805	20,832	20,832	9,973
Financials	5,038	5,038	5,038	-
Animal Shelter	30,000	8,420	9,940	20,060

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank”, as defined by the Statutes, which is not a “qualified public depository”.

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies; (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	\$
Demand accounts	4,149,339
Certificates of deposit	<u>115,088</u>
Total deposits	4,264,427
Petty cash	
Cash equivalents:	
State Short-Term Investment Fund (STIF)	1,486,886
State Tax exempt Proceeds Fund (TEPF)	100,000
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	1,329,456
Money market funds	2,644,768
Less: Certificates of deposit classified as investments	<u>(115,088)</u>
Total Cash and Cash Equivalents	\$ <u><u>9,710,449</u></u>

Deposits

At June 30, 2008 the carrying amount of the Town's deposits was \$4,264,427, and the bank balance was \$4,518,224.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$430,540 was covered by Federal Depository Insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with Federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$402,468, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$3,622,208 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008 the Town's cash equivalents amounted to \$6,608,020. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard and Poor's	Moody's Investor Service	Fitch Ratings
State Short-Term Investment Fund (STIF)	AAAm		
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AA	Aaa	AAA
State Tax exempt Proceeds Fund (TEPF)*			

*not rated

B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest Bearing Investments:	\$	
Certificates of deposit*	115,088	.88
U.S. government and agency obligations	4,839,787	14.47
Corporate bonds	185,122	3.54
Other Investments:		
Pooled open-end mutual fund accounts	10,359,108	
Preferred Stocks	<u>78,698</u>	
TOTAL	\$ <u>15,577,803</u>	
Portfolio weighted average maturity for interest bearing Investments		13.66

*Subject to coverage by Federal Depository Insurance and collateralization as described under "Deposits" above.

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>
Corporate bonds	AA

Concentration of Credit Risk - The Town does not have a formalized investment policy that restricts investments in any one issuer that is in excess of five percent of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2008, the Town had uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Receivables as of year end for the Town's individual major fund and nonmajor, internal service, and fiduciary funds in the aggregate are as follows:

	<u>General</u>	<u>Bonded Capital Projects</u>	<u>Nonmajor Governmental and Others</u>	<u>Total</u>
Receivables:				
Taxes	\$ 555,547	\$	\$	\$ 555,547
Accounts	14,756	10,000	80,684	105,440
Intergovernmental	515,619		4,619	520,238
Gross Receivables	\$ <u>1,085,922</u>	\$ <u>10,000</u>	\$ <u>85,303</u>	\$ <u>1,181,225</u>

*Accrued interest on property taxes in the amount of \$316,317 is not included in the Fund Financial Statements.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 501,171	\$
Grant drawdowns not yet earned		40,285
School building grants	474,397	
Total Deferred/Unearned Revenue for Governmental Funds	\$ <u>975,568</u>	\$ <u>40,285</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,878,656	\$	\$	\$ 12,878,656
Construction in progress		8,420		8,420
Total capital assets not being depreciated	<u>12,878,656</u>	<u>8,420</u>	<u>-</u>	<u>12,887,076</u>
Capital assets being depreciated:				
Land improvements	113,900	225,438		339,338
Buildings	67,482,728	47,765		67,530,493
Building improvements	22,560	159,296		181,856
Machinery and equipment	1,187,828	10,750		1,198,578
Vehicles	3,562,733	292,700	(40,752)	3,814,681
Infrastructure	<u>24,759,573</u>			<u>24,759,573</u>
Total capital assets being depreciated	<u>97,129,322</u>	<u>735,949</u>	<u>(40,752)</u>	<u>97,824,519</u>
Less accumulated depreciation for:				
Land improvements	(97,568)	(4,894)		(102,462)
Buildings	(11,979,420)	(864,241)		(12,843,661)
Building improvements	(6,932)	(2,056)		(8,988)
Machinery and equipment	(836,353)	(38,952)		(875,305)
Vehicles	(2,037,347)	(157,215)	25,470	(2,169,092)
Infrastructure	<u>(8,155,895)</u>	<u>(338,854)</u>		<u>(8,494,749)</u>
Total accumulated depreciation	<u>(23,113,515)</u>	<u>(1,406,212)</u>	<u>25,470</u>	<u>(24,494,257)</u>
Total capital assets being depreciated, net	<u>74,015,807</u>	<u>(670,263)</u>	<u>(15,282)</u>	<u>73,330,262</u>
Governmental Activities Capital Assets, Net	\$ <u>86,894,463</u>	\$ <u>(661,843)</u>	\$ <u>(15,282)</u>	\$ <u>86,217,338</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities:		
General government	\$	463,690
Public safety		99,712
Public works		72,159
Education		753,461
Library		<u>17,190</u>
Total depreciation expense - governmental activities	\$	<u><u>1,406,212</u></u>

6. INTERFUND ACCOUNTS

At June 30, 2008, the amounts due to and from other funds were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Internal Service Funds	General Fund	\$ 182,378

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

Interfund transfers:

		<u>Transfer In</u>
		<u>Nonmajor</u>
		<u>Governmental</u>
Transfers out:		
General Fund	\$	<u><u>175,735</u></u>

Transfers are used for regularly recurring transactions.

7. SHORT-TERM OBLIGATIONS - BOND ANTICIPATION NOTES

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the year ended June 30, 2008 was as follows:

Type of Obligation	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Bond Anticipation Notes:				
Elementary school construction	\$ 3,536,836	\$ 3,486,836	\$ 3,536,836	\$ 3,486,836
Water main improvements	363,164	363,164	363,164	363,164
Total	<u>\$ 3,900,000</u>	<u>\$ 3,850,000</u>	<u>\$ 3,850,000</u>	<u>\$ 3,850,000</u>

On February 7, 2008, the Town issued \$3,850,000 of bond anticipation notes. These bond anticipation notes bear interest at 3.00% and mature on November 7, 2008, and are for elementary school construction and water main improvements.

8. LONG-TERM DEBT

The following is a summary of changes in long-term obligations during the fiscal year:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate (%)	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008	Current Portion
Bonds:									
General purpose:									
Refunding bond	\$ 720,000	02/01/99	02/01/10	3.4-5.0	\$ 180,000	\$	\$ 61,000	\$ 119,000	\$ 60,000
Improvement bond	6,730,000	10/15/01	10/15/21	3.25-4.75	5,047,500		336,500	4,711,000	336,500
Refunding bond	3,311,000	01/15/03	06/01/15	1.6-4.0	1,956,000		260,500	1,695,500	255,500
Total general Purpose					<u>7,183,500</u>	<u>-</u>	<u>658,000</u>	<u>6,525,500</u>	<u>652,000</u>
Schools:									
Refunding bond	4,900,000	02/01/99	02/01/10	3.4-5.0	1,205,000		414,000	791,000	400,000
Improvement bond	10,370,000	10/15/01	10/15/21	3.25-4.75	7,777,500		518,500	7,259,000	518,500
Refunding bond	454,000	01/15/03	06/01/15	1.6-4.0	264,000		34,500	229,500	34,500
Improvement bond	12,500,000	11/01/04	11/01/24	2.75-4.3	11,250,000		625,000	10,625,000	625,000
Improvement bond	9,600,000	11/01/05	11/01/25	3.75-5.0	9,120,000		480,000	8,640,000	480,000
Total schools					<u>29,616,500</u>	<u>-</u>	<u>2,072,000</u>	<u>27,544,500</u>	<u>2,058,000</u>
Total bonds/notes					<u>36,800,000</u>		<u>2,730,000</u>	<u>34,070,000</u>	<u>2,710,000</u>
Deferred charge on refunding issue					(151,129)		(18,891)	(132,238)	
Bond premium					26,931		3,366	23,565	
Total bonds and related liabilities					<u>36,675,802</u>	<u>-</u>	<u>2,714,475</u>	<u>33,961,327</u>	<u>2,710,000</u>
Compensated absences					771,943	101,148		873,091	174,618
Heart and hypertension					1,019,303	3,463		1,022,766	
Total General Long-Term Debt					<u>\$ 38,467,048</u>	<u>\$ 104,611</u>	<u>\$ 2,714,475</u>	<u>\$ 35,857,184</u>	<u>\$ 2,884,618</u>

All long-term liabilities are generally liquidated by the General Fund.

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

Year Ending June 30,	To Be Provided By State		Bond Principal		Interest
	For Principal	For Interest	General Purpose	Schools	Bonds
2009	\$ 154,186	\$ 5,283	\$ 652,000	\$ 2,058,000	\$ 1,333,161
2010	149,066	2,448	646,500	2,048,500	1,238,030
2011	145,741	926	583,500	1,656,500	1,140,289
2012	5,269	753	578,500	1,656,500	1,059,436
2013	5,175	560	574,500	1,655,500	972,143
2014	5,081	369	574,500	1,655,500	883,277
2015	5,081	179	560,500	1,654,500	795,175
2016	4,798		336,500	1,623,500	706,000
2017			336,500	1,623,500	625,388
2018			336,500	1,623,500	543,141
2019			336,500	1,623,500	459,932
2020			336,500	1,623,500	375,868
2021			336,500	1,623,500	290,969
2022			336,500	1,623,500	205,088
2023				1,105,000	138,431
2024				1,105,000	91,313
2025				1,105,000	44,037
2026				480,000	10,200
Total	\$ <u>474,397</u>	\$ <u>10,518</u>	\$ <u>6,525,500</u>	\$ <u>27,544,500</u>	\$ <u>10,911,878</u>

In addition to the above recorded amounts, the Town participates with the Town of Redding in providing a regional high school for students residing in each town. Accordingly, the outstanding debt and related interest expense of Regional School District No. 9 (the District) is shared by Easton and Redding based upon the respective number of students attending from each to. Total outstanding debt of the District at June 30, 2008, which matures through 2025, amounted to \$24,330,000. The Town's share of the debt, net of the related grant, was \$10,953,851.

Heart and Hypertension

The Town has recognized an estimated liability for possible future heart and hypertension claims by members of the police and fire departments, based on current actuarial valuation.

Legal Debt Limitation

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 78,195,908	\$ 7,694,522	\$ 70,501,386
Schools	156,391,817	50,559,978	105,831,839
Sewers	130,326,514	363,164	129,963,350
Urban renewal	112,602,108		107,580,918
Pension deficit	104,261,211		99,305,463

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$243,276,158 or seven times the base for debt limitation computation.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$474,397 for bond principal is reflected as deductions in the computation of net indebtedness.

Authorized/Unissued Bonds

The amount of authorized/unissued bonds is \$1,169,022 for general purposes and \$9,049,188 for school purposes.

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to public officials and police liability, Board of Education liability, torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God. Except for medical insurance, the Town purchases commercial insurance for all risks of loss. The Town established an internal service fund, the medical insurance fund, to account for and finance the retained risk of loss for the Town's medical benefits claims.

The Easton Board of Education, along with the Easton Board of Education and Regional School District No. 9, participates in a medical self-insurance plan that accounts for health benefits provided to participants and their families. Recommended monthly deposits are calculated by the plan administrator and claims processor. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

The medical claims fund is substantially funded by the Town's general fund based upon estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which includes past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

An analysis of the activity in the claims liability for the medical insurance fund is as follows:

		Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2006-2007	\$	148,962	\$ 1,468,563	\$ 1,490,167	\$ 127,358
2007-2008		127,358	1,664,427	1,678,022	113,763

10. PENSION PLANS

A. Plan Description

The Town has a contributory pension plan covering substantially all full-time employees and noncertified Board of Education employees. Uniformed police department employees and fire department employees participate in the Municipal Employees' Retirement System (MERS), administered by the Municipal Employees' Retirement Commission. The certified faculty and administrative personnel of the Board of Education participate in a contributory retirement plan administered by the State Retirement Board. The Town does not contribute to this plan.

Town of Easton Retirement Plan I and II

The Town is administrator of the Town of Easton Retirement Plan I and II, a single employer defined benefit pension plan established and maintained by the Town to provide pension benefits for its full-time employees other than police officers, fire department employees and teachers. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plan is included in the financial statements as a single pension fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. The plan does not issue separate, stand-alone financial reports.

The Town of Easton Retirement Plan I and II provide retirement benefits. Benefits vest after 10 years of service. Members may retire at various ages as determined by employee group. Members are entitled to an annual retirement benefit, payable for life, for an amount determined by formula for each year of service. Administration costs are financed from investment earnings.

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Pension trust fund's financial statements are prepared using the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned, and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are valued at fair value based upon quoted market prices.

Classes of Employees Covered

As of July 1, 2008, the plan's membership consisted of:

Retires and beneficiaries currently receiving benefits	49
Terminated members entitled to benefits but not yet receiving them	33
Current active members	<u>106</u>
Total	<u><u>188</u></u>

C. Benefit Provisions

Contributions

The contribution requirements of plan members and the Town are established according to the Pension Trust Agreement and the Pension and Employee Benefit Commission. The Pension and Employee Benefit Commission Members serve as plan trustees, as well as hiring the plan actuary. The Town's contribution to the plan is actuarially determined on an annual basis using the frozen initial liability cost method. Employees are required to contribute to the plan in varying amounts ranging from 2.25% for Board of Education employees to 6.58% for Highway Management employees.

Schedule of Employer Contributions and Net Pension Obligation

Year Ended June 30,	Actual Contribution	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Asset (Obligation)
2003	\$ 190,000	\$ 312,322	60.8%	\$ 321,600	59.1%	\$ 54,603
2004	420,000	510,074	82.3	512,907	81.9	(38,304)
2005	500,000	432,663	115.6	430,579	116.1	31,117
2006	469,000	350,716	133.7	352,331	133.1	147,786
2007	415,000	320,622	129.4	328,924	126.2	233,862
2008	360,000	257,959	139.6	272,277	132.2	321,584

Actuarial Assumptions

The data presented in the schedule of funding progress and schedule of employer contributions were determined as part of the actuarial valuation at the date indicated.

Additional information as of the actuarial valuation within the current year is as follows:

Actuarial valuation date	July 1, 2008
Actuarial cost method	Frozen Entry Age
Amortization method	Level Dollar
Remaining amortization periods	2.0 Years
Asset valuation methods	Fair Value
Actuarial Assumptions:	
Investment rate of return	7%
Projected salary increases	3%
Cost of living adjustments	3%

Annual Pension Cost and Net Pension Asset

The Town's annual pension cost and net pension asset for the current year were as follows:

Annual required contribution	\$ 257,959
Interest on net pension asset	(16,370)
Adjustment to annual required contribution	<u>30,689</u>
Annual pension cost	272,277
Contributions made	<u>360,000</u>
Increase in net pension asset	87,723
Net pension asset - July 1, 2007	<u>233,862</u>
Net Pension Asset - June 30, 2008	\$ <u><u>321,584</u></u>

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) (b)	Funded (Unfunded) AAL (UAAL) (a-b)	Percentage Funded (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/1/03	\$ 7,517,671	\$ 9,710,132	\$ 2,192,461	77.4%	\$ 3,284,168	66.76
7/1/04	8,905,793	10,385,613	1,479,820	85.8	3,075,804	48.11
7/1/05	9,136,909	10,048,650	911,741	90.9	3,101,427	29.40
7/1/06	10,393,040	10,919,909	526,869	95.2	3,457,793	15.24
7/1/07	12,148,662	11,932,419	(216,243)	101.8	3,653,568	(5.92)
7/1/08	11,594,133	12,430,130	835,997	93.3	3,976,807	21.02

11. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description

Police officers and fire department employees of the Town participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing, multiple employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. The MERS issue a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 year of continuous service or after 25 years of service, regardless of age, are entitled to an annual retirement benefit, payable monthly for life.

B. Funding Policy

Covered employees are required by State Statute to contribute 2¼% of earnings upon which Social Security tax is paid plus 5% earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contribution for the years ended June 30, 2006, 2007 and 2008 were \$126,896, \$145,862 and \$ 257,959, respectively.

C. On-Behalf Payments

The amount of the State Teachers' Retirement Plan contribution recognized in the General Fund intergovernmental revenues and education expenditures for contributions made by the State on-behalf of the Town's teachers was \$5,072,264. The State significantly increased its contribution for the year.

12. OTHER POST-EMPLOYMENT BENEFITS

The Town provides postretirement health and life insurance benefits to Police and Fire Department retirees who retire on heart and hypertension or workers' compensation. The State of Connecticut Workers' Compensation has awarded to certain individuals that their health and life insurance benefits be paid by the Town for the life of the retirees and spouse. Currently, there are four retirees receiving healthcare benefits and three retirees receiving life insurance benefits. The cost of the retirees' benefits are appropriated each year and were \$71,161 for healthcare and \$253 for life insurance for the year ended June 30, 2008.

13. CONTINGENT LIABILITIES

There are various lawsuits and claims pending against the Town, the ultimate effect of which, if any, cannot presently be determined; however, the ultimate resolution of these matters is not expected to have a material adverse effect on the financial condition of the Town.

State and Federal grants received by the Town are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time, although the Town's management believes such disallowance, if any, will be immaterial.

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Property Taxes:				
Property taxes, current and prior	\$ 34,896,282	\$ 34,896,282	\$ 34,642,917	\$ (253,365)
Interest and lien fees	100,000	100,000	134,601	34,601
Telephone access	41,350	41,350	44,148	2,798
Total property taxes	<u>35,037,632</u>	<u>35,037,632</u>	<u>34,821,666</u>	<u>(215,966)</u>
Intergovernmental:				
Educational assistance:				
Special education and education cost share	400,287	400,287	645,602	245,315
Regional School District No. 9	13,405	13,405	29,670	16,265
School building grant	162,516	162,516	153,578	(8,938)
Other	<u>727</u>	<u>727</u>		<u>(727)</u>
Total educational assistance	<u>576,935</u>	<u>576,935</u>	<u>828,850</u>	<u>251,915</u>
Town Assistance:				
Town aid roads	83,473	83,473	113,775	30,302
Infrastructure	615,613	615,613		(615,613)
In lieu of tax loss - boats	4,814	4,814	4,814	-
Elderly tax relief	41,075	41,075	38,067	(3,008)
Tax relief for the totally disabled			189	189
State owned property	54,577	54,577	59,688	5,111
Mashantucket Pequot grant	13,039	13,039	21,200	8,161
Civil preparedness	2,052	2,052	3,834	1,782
Property tax relief (veterans)	10,329	10,329	10,795	466
Tax relief - elderly freeze	2,000	2,000		(2,000)
Miscellaneous	<u>276,421</u>	<u>276,421</u>	<u>41,663</u>	<u>(234,758)</u>
Total Town assistance	<u>1,103,393</u>	<u>1,103,393</u>	<u>294,025</u>	<u>(809,368)</u>
Total intergovernmental	<u>1,680,328</u>	<u>1,680,328</u>	<u>1,122,875</u>	<u>(557,453)</u>
Investment Income	<u>375,000</u>	<u>375,000</u>	<u>577,147</u>	<u>202,147</u>
Charges for Services:				
Town clerk	200,000	200,000	253,152	53,152
Building inspection fees and permits	150,000	150,000	157,710	7,710
Health department	18,000	18,000	21,740	3,740
Planning and zoning	15,000	15,000	22,281	7,281
Conservation commission	15,000	15,000	11,016	(3,984)
Police department	65,000	65,000	80,655	15,655
First selectman	165,000	165,000	143,300	(21,700)
Municipal Building Leases	82,500	82,500	55,417	(27,083)

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES

BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Fire marshall	\$ 200	\$ 200	\$	\$ (200)
Parks and recreation	2,900	2,900	850	(2,050)
Region 9 tuition	3,245	3,245		(3,245)
BOE tuition	2,092	2,092	10,815	8,723
Recycling bins			1,011	1,011
Highway department	1,400	1,400	1,603	203
Other	500	500	3,540	3,040
Total charges for services	<u>720,837</u>	<u>720,837</u>	<u>763,090</u>	<u>42,253</u>
Total Revenues	<u>37,813,797</u>	<u>37,813,797</u>	<u>37,284,778</u>	<u>(529,019)</u>
Other Financing Sources:				
Sale of capital assets			11,200	11,200
Total other financing sources	<u>-</u>	<u>-</u>	<u>11,200</u>	<u>11,200</u>
Surplus Appropriated to Finance Budget	<u>332,000</u>	<u>332,000</u>		<u>(332,000)</u>
Total Revenues and Other Financing Sources	<u>\$ 38,145,797</u>	<u>\$ 38,145,797</u>	37,295,978	<u>\$ (517,819)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut				
State Teachers' Retirement System for Town teachers are not budgeted			<u>5,072,264</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 42,368,242</u>	

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
General Government:					
Town clerk	\$ 144,272	\$	\$ 144,272	\$ 135,724	\$ 8,548
First selectman	153,405		153,405	146,787	6,618
Probate court	3,750	782	4,532	4,532	-
Registrar of voters	62,890	4,000	66,890	59,119	7,771
Board of finance	7,100		7,100	6,842	258
Auditors	34,180		34,180	32,732	1,448
Treasurer	180,393		180,393	178,355	2,038
Assessor	106,363	1,530	107,893	107,123	770
Board of assessment appeals	600	30	630	630	-
Tax collector	88,268		88,268	86,266	2,002
Town attorney	100,000	60,000	160,000	148,423	11,577
Planning and zoning commission	108,866		108,866	99,450	9,416
Zoning board of appeals	6,752		6,752	6,094	658
Building department	90,266		90,266	85,461	4,805
Technology Computer		35,874	35,874	31,240	4,634
Town Hall	165,510	(28,544)	136,966	123,255	13,711
Communication dispatchers	201,764		201,764	187,207	14,557
Commission for the elderly	53,495		53,495	52,998	497
Senior center	160,818		160,818	157,512	3,306
SSS building	375,824		375,824	236,802	139,022
Cemetery	2,500		2,500	2,500	-
Public celebrations	500		500	493	7
Total general government	<u>2,047,516</u>	<u>73,672</u>	<u>2,121,188</u>	<u>1,889,545</u>	<u>231,643</u>
Public Safety:					
Police department	1,386,673	45,254	1,431,927	1,431,413	514
Fire department	744,216		744,216	668,990	75,226
Fire marshall	28,910		28,910	18,088	10,822
Emergency management	15,875		15,875	14,075	1,800
Firehouse rent	40,000		40,000	40,000	-
Conservation commission	48,028		48,028	42,737	5,291
Total public safety	<u>2,263,702</u>	<u>45,254</u>	<u>2,308,956</u>	<u>2,215,303</u>	<u>93,653</u>
Public Works:					
Recycling	130,278	23	130,301	130,301	-
Highway department	1,840,119		1,840,119	1,527,799	312,320
Street lights	1,667	19	1,686	1,686	-
Engineering and professional services	45,500		45,500	36,899	8,601
Total public works	<u>2,017,564</u>	<u>42</u>	<u>2,017,606</u>	<u>1,696,685</u>	<u>320,921</u>
Health and Welfare:					
PHNA	700		700	100	600
Health director	81,075		81,075	79,881	1,194
EMS commission	268,259		268,259	251,607	16,652
Welfare	4,190		4,190	2,299	1,891
Total health and welfare	<u>354,224</u>	<u>-</u>	<u>354,224</u>	<u>333,887</u>	<u>20,337</u>

(Continued on next page)

TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Education:					
Easton Board of Education:					
General instruction	\$ 6,875,740	\$ (74,709)	\$ 6,801,031	\$ 6,845,384	\$ (44,353)
Kindergarten	8,368		8,368	8,087	281
Humanities	34,996	(3,889)	31,107	27,302	3,805
Integrated language arts	33,585	(11,758)	21,827	21,178	649
Curriculum	47,026		47,026	43,945	3,081
Industrial technology	8,470		8,470	7,361	1,109
Science/math technology	41,983	(5,471)	36,512	34,658	1,854
Physical education/health	4,755	(281)	4,474	4,438	36
Special services	27,720		27,720	17,100	10,620
Special education	2,859,489		2,859,489	2,879,475	(19,986)
Guidance	7,145	(372)	6,773	6,540	233
Health services	152,116	(2,816)	149,300	155,050	(5,750)
Psychological services	50,500	(1,375)	49,125	29,003	20,122
Speech services	14,350	(2,500)	11,850	5,201	6,649
Educational media services	74,485	(10,148)	64,337	65,302	(965)
Technology plan	189,978	1,760	191,738	200,558	(8,820)
Board of education	48,430	(5,407)	43,023	58,500	(15,477)
Central administration	483,789	(199)	483,590	483,590	-
School administration	859,828	(8,159)	851,669	872,971	(21,302)
Operation/maintenance physical plant	1,262,707	84,046	1,346,753	1,303,179	43,574
Student transportation	766,422	41,278	807,700	783,058	24,642
Total Easton Board of Education	13,851,882		13,851,882	13,851,880	2
Regional School District No. 9	8,708,656		8,708,656	8,708,656	
Total education	22,560,538	-	22,560,538	22,560,536	2
Library	533,286		533,286	486,545	46,741
Parks and Recreation:					
Parks and recreation commission	330,162	5,080	335,242	328,166	7,076
Tree warden	43,059		43,059	33,665	9,394
Total parks and recreation	373,221	5,080	378,301	361,831	16,470
Employee Benefits:					
Pensions	554,152	251	554,403	551,376	3,027
Fringe benefits	1,577,591		1,577,591	1,508,279	69,312
Social Security and Medicare	362,250	11,107	373,357	373,357	-
Total employee benefits	2,493,993	11,358	2,505,351	2,433,012	72,339

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TOWN OF EASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Insurance	\$ 435,800	\$	\$ 435,800	\$ 432,683	\$ 3,117
Other	<u>175,744</u>	<u>(32,437)</u>	<u>143,307</u>	<u>140,612</u>	<u>2,695</u>
Debt Service:					
Principal retirement	2,730,000	50,000	2,780,000	2,780,000	-
Interest	1,590,479		1,590,479	1,590,478	1
Fiscal agent fees	50,900		50,900	18,997	31,903
Legal costs					-
Total debt service	<u>4,371,379</u>	<u>50,000</u>	<u>4,421,379</u>	<u>4,389,475</u>	<u>31,904</u>
Total expenditures	<u>37,626,967</u>	<u>152,969</u>	<u>37,779,936</u>	<u>36,940,114</u>	<u>839,822</u>
Other Financing Uses:					
Transfers out:					
Dog fund	55,235		55,235	55,235	-
Capital nonrecurring	<u>120,500</u>		<u>120,500</u>	<u>120,500</u>	-
Total other financing uses	<u>175,735</u>	<u>-</u>	<u>175,735</u>	<u>175,735</u>	-
Total Expenditures and Other Financing Uses	<u>\$ 37,802,702</u>	<u>\$ 152,969</u>	<u>\$ 37,955,671</u>	37,115,849	<u>\$ 839,822</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut

State Teachers' Retirement System for Town teachers are not budgeted

5,072,264

Total Expenditures and Other Financing Sources as Reported on the Statement
Revenues, Expenditures and Changes in Fund Balances - Governmental Fund
Exhibit IV

\$ 42,188,113

TOWN OF EASTON, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 2,541,540	\$ 5,123,695
Investments	4,998,085	3,768,897
Property taxes receivable	555,547	469,207
Accounts receivable	14,756	52,906
Intergovernmental receivable	515,619	670,152
Due from other funds	<u> </u>	<u>840,541</u>
Total Assets	\$ <u>8,625,547</u>	\$ <u>10,925,398</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 582,173	\$ 617,495
Accrued liabilities	883,111	878,818
Due to Regional School District No. 9	418,239	403,260
Due to other funds	182,378	2,605,116
Unearned revenue	<u>1,015,853</u>	<u>1,057,045</u>
Total liabilities	<u>3,081,754</u>	<u>5,561,734</u>
Fund balance:		
Unreserved, reported in:		
Designated for subsequent year's budget	408,000	332,000
Designated for potential claims	140,000	140,000
Designated for debt service	97,200	97,200
Undesignated	<u>4,898,593</u>	<u>4,794,464</u>
Total fund balance	<u>5,543,793</u>	<u>5,363,664</u>
Total Liabilities and Fund Balance	\$ <u>8,625,547</u>	\$ <u>10,925,398</u>

**TOWN OF EASTON, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2008**

Grand List Year	Uncollected Taxes July 1, 2007	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2008
			Additions	Deductions			Taxes	Interest and Liens	Total	
								\$		
2006	\$	\$ 34,786,928	\$	\$ 69,272	\$	\$ 34,717,656	\$ 34,478,448	\$ 87,846	34,566,294	\$ 239,208
2005	166,298			2,213		164,085	65,173	10,867	76,040	98,912
2004	103,333			4,966	10,318	88,049	32,323	7,704	40,027	55,726
2003	39,513		4,630			44,143	16,758	7,496	24,254	27,385
2002	27,605		4,247			31,852	12,428	1,228	13,656	19,424
2001	19,883		3,508			23,391	5,644	218	5,862	17,747
2000	13,365			1,799		11,566	197	260	457	11,369
1999	14,440			1,703		12,737	236	746	982	12,501
1998	12,403					12,403	1,639	2,311	3,950	10,764
1997	13,110					13,110	1,608	2,556	4,164	11,502
1996	15,561					15,561	1,537	2,722	4,259	14,024
1995	12,114					12,114	1,493	2,912	4,405	10,621
1994	10,829					10,829	1,416	3,019	4,435	9,413
1993	9,561					9,561	1,015	1,130	2,145	8,546
1992	8,460					8,460	55	141	196	8,405
1991	8,444			8,444		-		2,611	2,611	-
Total	\$ 308,621	\$ 34,786,928	\$ 12,385	\$ 88,397	\$ 10,318	\$ 35,175,517	34,619,970	\$ 133,767	\$ 34,753,737	\$ 555,547

Property taxes receivable considered available:

June 30, 2007 (41,071)

June 30, 2008 54,376

Property Tax Revenues \$ 34,633,275

TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008

<u>Special Revenue Funds</u>									
	<u>Education Grants</u>	<u>Easton Day</u>	<u>Police Donations</u>	<u>Police Grants</u>	<u>Senior Center</u>	<u>Agriculture Land Preservation</u>	<u>Cemetery Fund</u>	<u>Dog Fund</u>	<u>D.A.R.E.</u>
ASSETS									
Cash	\$ 17,227	\$ 4,552	\$ 8,231	\$ 134,528	\$	\$ 63,100	\$ 26,170	\$ 98,428	\$ 35,755
Investments									
Accounts receivable					6,421			1,053	
Intergovernmental receivable				4,619					
Total Assets	\$ <u>17,227</u>	\$ <u>4,552</u>	\$ <u>8,231</u>	\$ <u>139,147</u>	\$ <u>6,421</u>	\$ <u>63,100</u>	\$ <u>26,170</u>	\$ <u>99,481</u>	\$ <u>35,755</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ <u>7,121</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>64,640</u>	\$ <u>10,905</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,373</u>	\$ <u>155</u>
Fund Balances:									
Unreserved and undesignated	<u>10,106</u>	<u>4,552</u>	<u>8,231</u>	<u>74,507</u>	<u>(4,484)</u>	<u>63,100</u>	<u>26,170</u>	<u>96,108</u>	<u>35,600</u>
Total Liabilities and Fund Balances	\$ <u>17,227</u>	\$ <u>4,552</u>	\$ <u>8,231</u>	\$ <u>139,147</u>	\$ <u>6,421</u>	\$ <u>63,100</u>	\$ <u>26,170</u>	\$ <u>99,481</u>	\$ <u>35,755</u>

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TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2008

Special Revenue Funds								
	Park and Recreation Activity Fund	Solid Waste Program	Library	Open Space	EMS Special Services	Police Asset	Records Preservation	Paine Barn Fund
ASSETS								
Cash	\$ 216,042	\$	\$ 77,503	\$ 686,321	\$ 139,980	\$ 244,809	\$ 7,689	\$ 7,542
Investments			754,966					
Accounts receivable		35,907				3,818		
Intergovernmental receivable								
Total Assets	<u>\$ 216,042</u>	<u>\$ 35,907</u>	<u>\$ 832,469</u>	<u>\$ 686,321</u>	<u>\$ 139,980</u>	<u>\$ 248,627</u>	<u>\$ 7,689</u>	<u>\$ 7,542</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 11,153	\$ 52,730	\$ -	\$ -	\$ 643	\$ 103	\$ -	\$ -
Fund Balances:								
Unreserved and undesignated	204,889	(16,823)	832,469	686,321	139,337	248,524	7,689	7,542
Total Liabilities and Fund Balances	<u>\$ 216,042</u>	<u>\$ 35,907</u>	<u>\$ 832,469</u>	<u>\$ 686,321</u>	<u>\$ 139,980</u>	<u>\$ 248,627</u>	<u>\$ 7,689</u>	<u>\$ 7,542</u>

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TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

JUNE 30, 2008

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Total	Capital Nonrecurring	
ASSETS								
Cash	\$ 5,190	\$ 8,585	\$	\$ 4,655	\$ 7,735	\$ 1,794,042	\$ 1,333,639	\$ 3,127,681
Investments						754,966	104,595	859,561
Accounts receivable				28,000		75,199		75,199
Intergovernmental receivable						4,619		4,619
Total Assets	<u>\$ 5,190</u>	<u>\$ 8,585</u>	<u>\$ -</u>	<u>\$ 32,655</u>	<u>\$ 7,735</u>	<u>\$ 2,628,826</u>	<u>\$ 1,438,234</u>	<u>\$ 4,067,060</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 1,036	\$ 24,689	\$ -	\$ 176,548	\$ 374,594	\$ 551,142
Fund Balances:								
Unreserved and undesignated	<u>5,190</u>	<u>8,585</u>	<u>(1,036)</u>	<u>7,966</u>	<u>7,735</u>	<u>2,452,278</u>	<u>1,063,640</u>	<u>3,515,918</u>
Total Liabilities and Fund Balances	<u>\$ 5,190</u>	<u>\$ 8,585</u>	<u>\$ -</u>	<u>\$ 32,655</u>	<u>\$ 7,735</u>	<u>\$ 2,628,826</u>	<u>\$ 1,438,234</u>	<u>\$ 4,067,060</u>

TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds							
	Education Grants	Easton Day	Police Donations	Police Grants	Senior Center	Agriculture Land Preservation	Cemetery Fund	Dog Fund
Revenues:								
Intergovernmental	\$ 182,712	\$	\$	\$ 44,173	\$	\$	\$	\$
Charges for services					169,822			15,989
Investment income						1,144	943	
Contributions			860			630	2,000	
Total revenues	<u>182,712</u>	<u>-</u>	<u>860</u>	<u>44,173</u>	<u>169,822</u>	<u>1,774</u>	<u>2,943</u>	<u>15,989</u>
Expenditures:								
Current:								
General government				5,323	164,547			
Public safety				765				68,789
Public works								
Health and welfare								
Education	175,678							
Library	.							
Parks and recreation								
Capital outlay								
Total expenditures	<u>175,678</u>	<u>-</u>	<u>-</u>	<u>6,088</u>	<u>164,547</u>	<u>-</u>	<u>-</u>	<u>68,789</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,034</u>	<u>-</u>	<u>860</u>	<u>38,085</u>	<u>5,275</u>	<u>1,774</u>	<u>2,943</u>	<u>(52,800)</u>
Other Financing Sources (Uses):								
Transfers in								55,235
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,235</u>
Net Change in Fund Balances	7,034	-	860	38,085	5,275	1,774	2,943	2,435
Fund Balances - Beginning of Year	<u>3,072</u>	<u>4,552</u>	<u>7,371</u>	<u>36,422</u>	<u>(9,759)</u>	<u>61,326</u>	<u>23,227</u>	<u>93,673</u>
Fund Balances - End of Year	<u>\$ 10,106</u>	<u>\$ 4,552</u>	<u>\$ 8,231</u>	<u>\$ 74,507</u>	<u>\$ (4,484)</u>	<u>\$ 63,100</u>	<u>\$ 26,170</u>	<u>\$ 96,108</u>

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TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds							
	D.A.R.E.	Park and Recreation Activity Fund	Solid Waste Program	Library	Open Space	EMS Special Services	Police Asset	Records Preservation
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services		296,280	228,580	15,049		112,447		8,779
Investment income				31,815	17,971		9,572	
Contributions	7,179						83,048	
Total revenues	7,179	296,280	228,580	46,864	17,971	112,447	92,620	8,779
Expenditures:								
Current:								
General government					20,000			
Public safety	6,575						30,147	
Public works			257,117					
Health and welfare						20,749		
Education								
Library				33,207				
Parks and recreation		272,987						
Capital outlay								
Total expenditures	6,575	272,987	257,117	33,207	20,000	20,749	30,147	-
Excess (Deficiency) of Revenues Over Expenditures	604	23,293	(28,537)	13,657	(2,029)	91,698	62,473	8,779
Other Financing Sources (Uses):								
Transfers in								
Net other financing sources (uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	604	23,293	(28,537)	13,657	(2,029)	91,698	62,473	8,779
Fund Balances - Beginning of Year	34,996	181,596	11,714	818,812	688,350	47,639	186,051	(1,090)
Fund Balances - End of Year	\$ 35,600	\$ 204,889	\$ (16,823)	\$ 832,469	\$ 686,321	\$ 139,337	\$ 248,524	\$ 7,689

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TOWN OF EASTON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds						Capital Projects Fund	Total Nonmajor Governmental Funds
	Paine Barn Fund	Social Service	Town Hall Grants	Senior Center Leasing Buyout	Miscellaneous Grants	Town Clerk Community Fee	Capital Nonrecurring	
Revenues:								
Intergovernmental	\$	\$	\$	\$	5,770	\$	100,000	\$
Charges for services						1,995		
Investment income	155						20,976	
Contributions		2,881			28,000		112,756	
Total revenues	<u>155</u>	<u>2,881</u>	<u>-</u>	<u>-</u>	<u>33,770</u>	<u>1,995</u>	<u>233,732</u>	<u>1,501,526</u>
Expenditures:								
Current:								
General government	176		3,546	6,216	25,804		16,500	
Public safety								
Public works								
Health and welfare		1,940						
Education								
Library								
Parks and recreation								
Capital outlay							309,484	
Total expenditures	<u>176</u>	<u>1,940</u>	<u>3,546</u>	<u>6,216</u>	<u>25,804</u>	<u>-</u>	<u>325,984</u>	<u>1,419,550</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21)</u>	<u>941</u>	<u>(3,546)</u>	<u>(6,216)</u>	<u>7,966</u>	<u>1,995</u>	<u>(92,252)</u>	<u>81,976</u>
Other Financing Sources (Uses):								
Transfers in							120,500	175,735
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,500</u>	<u>175,735</u>
Net Change in Fund Balances	(21)	941	(3,546)	(6,216)	7,966	1,995	28,248	257,711
Fund Balances - Beginning of Year	<u>7,563</u>	<u>4,249</u>	<u>12,131</u>	<u>5,180</u>	<u>-</u>	<u>5,740</u>	<u>1,035,392</u>	<u>3,258,207</u>
Fund Balances - End of Year	<u>\$ 7,542</u>	<u>\$ 5,190</u>	<u>\$ 8,585</u>	<u>\$ (1,036)</u>	<u>\$ 7,966</u>	<u>\$ 7,735</u>	<u>\$ 1,063,640</u>	<u>\$ 3,515,918</u>

TOWN OF EASTON, CONNECTICUT

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
ASSETS				
Cash:				
Performance and road bonds	\$ 1,831,202	\$ 422,369	\$ 714,750	\$ 1,538,821
Student activity	<u>36,417</u>	<u>218,748</u>	<u>214,705</u>	<u>40,460</u>
Total Assets	<u>\$ 1,867,619</u>	<u>\$ 641,117</u>	<u>\$ 929,455</u>	<u>\$ 1,579,281</u>
LIABILITIES				
Accounts Payable:				
Performance and road bonds	\$ 1,831,202	\$ 422,369	\$ 714,750	\$ 1,538,821
Student activity	<u>36,417</u>	<u>218,748</u>	<u>214,705</u>	<u>40,460</u>
Total Liabilities	<u>\$ 1,867,619</u>	<u>\$ 641,117</u>	<u>\$ 929,455</u>	<u>\$ 1,579,281</u>

TOWN OF EASTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2008

Total Tax Collections (including interest and lien fees):

For the year ended June 30, 2008:

Town of Easton \$ 34,753,737

Reimbursement for Revenue Loss:

Tax relief for elderly freeze

-

Base for Debt Limitation Computation

\$ 34,753,737

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 78,195,908	\$	\$	\$	\$
4 1/2 times base		156,391,817			
3 3/4 times base			130,326,514		
3 1/4 times base				112,949,645	
3 times base					104,261,211
Total debt limitation	78,195,908	156,391,817	130,326,514	112,949,645	104,261,211
Indebtedness:					
Bonds payable	6,525,500	27,544,500			
Bonds anticipation notes payable		3,486,836	363,164		
Authorized, unissued debt	1,169,022	9,049,188			
Easton portion of Regional School					
District No. 9 bonds, net of					
school building grants		10,953,851			
School building grants		(474,397)			
Net indebtedness	7,694,522	50,559,978	363,164	-	-
Debt Limitation in Excess of					
Indebtedness	\$ 70,501,386	\$ 105,831,839	\$ 129,963,350	\$ 112,949,645	\$ 104,261,211

The total of the above net indebtedness amounts to:

\$ 58,617,664

In no event shall total indebtedness exceed \$243,276,159 or seven times the base for debt limitation computation